

DAVIS COUNTY  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009

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# DAVIS COUNTY

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Steve Evans	Board of Supervisors	Jan. 2011
Dale Taylor	Board of Supervisors	Jan. 2009
Max Proctor	Board of Supervisors	Jan. 2011
Goldie Rysdam	County Auditor	Jan. 2009
Rodger Simmons	County Treasurer	Jan. 2011
Louise Frymoyer	County Recorder	Jan. 2011
Monte Harsch	County Sheriff	Jan. 2009
Rick Lynch	County Attorney	Jan. 2011
Sheila Fite	County Assessor	Jan. 2010
(After January 2009)		
Steve Evans	Board of Supervisors	Jan. 2011
Dale Taylor	Board of Supervisors	Jan. 2013
Max Proctor	Board of Supervisors	Jan. 2011
Linda Humphrey	County Auditor	Jan. 2013
Rodger Simmons	County Treasurer	Jan. 2011
Louise Frymoyer	County Recorder	Jan. 2011
Dave Davis	County Sheriff	Jan. 2013
Rick Lynch	County Attorney	Jan. 2011
Sheila Fite	County Assessor	Jan. 2010

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Davis County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Davis County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Davis County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Davis County as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2010 on our consideration of Davis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Information on pages 40 through 43 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis, which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davis County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein). For the three years ended June 30, 2008, we expressed unqualified opinions on those financial statements. For the year ended June 30, 2005, we expressed an adverse opinion on the governmental activities due to the omission of a complete listing of capital assets and related depreciation and expressed unqualified opinions on each major fund and the aggregate remaining fund information. Other supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
March 16, 2010

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## Basic Financial Statements

DAVIS COUNTY  
STATEMENT OF NET ASSETS  
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 3,213,337
Receivables:	
Property tax:	
Delinquent	2,765
Succeeding year	2,810,000
Interest and penalty on property tax	3,197
Accounts	304,280
Accrued interest	4,333
Due from other governments	406,385
Inventories	173,361
Prepaid expenses	145,343
Capital assets, net of accumulated depreciation (note 4)	<u>8,200,731</u>
Total assets	<u>15,263,732</u>
Liabilities	
Accounts payable	222,904
Salaries and benefits payable	22,607
Due to other governments (note 5)	78,848
Incurred but not reported claims (note 10)	111,727
Deferred revenue:	
Succeeding year property tax	2,810,000
Long-term liabilities (note 6):	
Portion due or payable within one year:	
Compensated absences	78,956
Portion due or payable after one year:	
Compensated absences	<u>184,806</u>
Total liabilities	<u>3,509,848</u>



DAVIS COUNTY  
STATEMENT OF NET ASSETS  
June 30, 2009

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets	\$ 8,200,731
Restricted for:	
Supplemental levy purposes	713,120
Mental health purposes	263,986
Rural services	647,015
Secondary roads	816,468
Other special revenue purposes	81,697
Cemetery levy	23,768
Unrestricted	<u>1,007,099</u>
Total net assets	\$ <u><u>11,753,884</u></u>

See notes to financial statements.

DAVIS COUNTY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	
Governmental Activities:				
Public safety and legal services	\$ 951,627	\$ 53,750	\$ 8,839	\$ (889,038)
Physical health and social services	213,027	3,021	27,643	(182,363)
Mental health	858,367	11,081	335,642	(511,644)
County environment and education	296,854	49,202	36,341	(211,311)
Roads and transportation	3,679,806	195,173	2,497,448	(987,185)
Government services to residents	332,711	128,500	-	(204,211)
Administration	868,568	291,848	4,037	(572,683)
Non-program	<u>23,690</u>	<u>-</u>	<u>-</u>	<u>(23,690)</u>
Total	<u>\$ 7,224,650</u>	<u>\$ 732,575</u>	<u>\$ 2,909,950</u>	<u>\$ (3,582,125)</u>
General Revenues:				
Property and other county tax levied for:				
General purposes				2,892,363
Penalty and interest on property tax				30,279
State tax credits				175,977
Payments in lieu of taxes				5,204
Local option sales and services tax				407,666
Unrestricted investment earnings				81,097
Miscellaneous				<u>65,892</u>
Total general revenues				<u>3,658,478</u>
Change in net assets				76,353
Net assets beginning of year				<u>11,677,531</u>
Net assets end of year				<u>11,753,884</u>

See notes to financial statements.

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DAVIS COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 1,066,589	\$ 385,464	\$ 598,323	\$ 556,173
Receivables:				
Property tax:				
Delinquent	1,981	437	347	-
Succeeding year	1,685,000	401,000	724,000	-
Interest and penalty on property tax	3,197	-	-	-
Accounts	281,029	5,058	-	4,657
Accrued interest	2,896	-	-	-
Due from other governments	15,658	37,061	63,807	289,859
Inventories	-	-	-	173,361
Prepaid expenses	76,113	-	2,670	66,560
Total assets	<u>\$ 3,132,463</u>	<u>\$ 829,020</u>	<u>\$ 1,389,147</u>	<u>\$ 1,090,610</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 82,667	\$ 2,689,216
-	2,765
-	2,810,000
-	3,197
397	291,141
31	2,927
-	406,385
-	173,361
-	145,343
<u>\$ 83,095</u>	<u>\$ 6,524,335</u>

DAVIS COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 47,719	\$ 85,186	\$ 6,717	\$ 81,884
Salaries and benefits payable	-	-	-	22,607
Due to other governments (note 5)	-	78,848	-	-
Deferred revenue:				
Succeeding year property tax	1,685,000	401,000	724,000	-
Other	5,178	437	347	-
Total liabilities	<u>1,737,897</u>	<u>565,471</u>	<u>731,064</u>	<u>104,491</u>
Fund balances:				
Reserved for:				
Inventories	-	-	-	173,361
Prepaid expenses	76,113	-	2,670	66,560
Supplemental levy purposes	680,450	-	6,828	-
Cemetery levy	23,768	-	-	-
Unreserved, reported in:				
General fund	614,235	-	-	-
Special revenue funds	-	263,549	648,585	746,198
Total fund balances	<u>1,394,566</u>	<u>263,549</u>	<u>658,083</u>	<u>986,119</u>
Total liabilities and fund balances	<u>\$ 3,132,463</u>	<u>\$ 829,020</u>	<u>\$ 1,389,147</u>	<u>\$ 1,090,610</u>

See notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,398	\$ 222,904
-	22,607
-	78,848
-	2,810,000
-	5,962
<u>1,398</u>	<u>3,140,321</u>
-	173,361
-	145,343
-	687,278
-	23,768
-	614,235
<u>81,697</u>	<u>1,740,029</u>
<u>81,697</u>	<u>3,384,014</u>
<u>\$ 83,095</u>	<u>\$ 6,524,335</u>

## DAVIS COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009

Total fund balances of governmental funds	\$ 3,384,014
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$12,401,301 and the accumulated depreciation is \$4,200,570.	8,200,731
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	5,962
The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	426,939
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(263,762)</u>
Net assets of governmental activities	\$ <u><u>11,753,884</u></u>
See notes to financial statements.	



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DAVIS COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 1,815,065	\$ 400,109	\$ 1,085,650	\$ -
Interest and penalty on property tax	35,634	-	-	-
Intergovernmental	165,044	360,168	42,506	2,547,633
Licenses and permits	241	-	-	680
Charges for service	144,846	-	-	99
Use of money and property	131,974	-	-	753
Miscellaneous	344,062	11,082	-	143,456
Total revenues	<u>2,636,866</u>	<u>771,359</u>	<u>1,128,156</u>	<u>2,692,621</u>
Expenditures:				
Operating:				
Public safety and legal services	601,855	-	368,550	-
Physical health and social services	106,445	-	105,550	-
Mental health	-	858,367	-	-
County environment and education	83,759	-	178,212	-
Roads and transportation	-	-	-	3,215,153
Government services to residents	313,070	-	3,585	-
Administration	827,222	-	19,113	-
Non-program	23,690	-	-	-
Total expenditures	<u>1,956,041</u>	<u>858,367</u>	<u>675,010</u>	<u>3,215,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>680,825</u>	<u>(87,008)</u>	<u>453,146</u>	<u>(522,532)</u>
Other financing sources (uses):				
Interfund transfers in (note 3)	-	-	-	575,078
Interfund transfers out (note 3)	(39,599)	-	(535,479)	-
Total other financing sources (uses)	<u>(39,599)</u>	<u>-</u>	<u>(535,479)</u>	<u>575,078</u>
Net change in fund balances	641,226	(87,008)	(82,333)	52,546
Fund balances beginning of year	<u>753,340</u>	<u>350,557</u>	<u>740,416</u>	<u>933,573</u>
Fund balances end of year	<u>\$ 1,394,566</u>	<u>\$ 263,549</u>	<u>\$ 658,083</u>	<u>\$ 986,119</u>

See notes to financial statements.

Nonmajor Governmental		
Funds	Total	
\$ -	\$ 3,300,824	
-	35,634	
26,514	3,141,865	
-	921	
10,883	155,828	
16,580	149,307	
8,750	507,350	
<u>62,727</u>	<u>7,291,729</u>	
-	970,405	
-	211,995	
-	858,367	
80,396	342,367	
-	3,215,153	
-	316,655	
-	846,335	
-	23,690	
<u>80,396</u>	<u>6,784,967</u>	
<u>(17,669)</u>	<u>506,762</u>	
17	575,095	
<u>(17)</u>	<u>(575,095)</u>	
-	-	
(17,669)	506,762	
<u>99,366</u>	<u>2,877,252</u>	
<u>\$ 81,697</u>	<u>\$ 3,384,014</u>	

## DAVIS COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 506,762

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense to allocate those  
expenditures over the life of the assets. The amount of capital outlay  
expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 185,237	
Depreciation expense	<u>(408,026)</u>	(222,789)

Because some revenues will not be collected for several months after the  
County's year end, they are not considered available revenues and are  
deferred in the governmental funds, as follows:

Property tax	(796)	
Other	<u>(5,380)</u>	(6,176)

Some expenses reported in the Statement of Activities do not require the use  
of current financial resources and, therefore, are not reported as  
expenditures in the governmental funds, as follows:

Compensated absences	(18,649)
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The Internal Service Fund is used by management to charge the costs of  
the self funding of the County's health insurance benefit plan to individual  
funds. The change in net assets of the Internal Service Fund is reported  
with governmental activities.

(182,795)

Change in net assets of governmental activities	\$ <u><u>76,353</u></u>
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See notes to financial statements.

DAVIS COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and investments	\$ 524,121
Accounts receivable	13,139
Accrued interest receivable	<u>1,406</u>
Total assets	<u>538,666</u>
Liabilities	
Incurred but not reported claims (note 10)	<u>111,727</u>
Net Assets	
Unrestricted	\$ <u><u>426,939</u></u>
See notes to financial statements.	

DAVIS COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
Year Ended June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Charges to County operating funds	\$ 750,234
Insurance reimbursements	<u>68,783</u>
Total operating revenues	<u>819,017</u>
Operating expenses:	
Medical claims	858,187
Insurance premiums	137,741
Administrative fees	16,566
Miscellaneous	<u>4,768</u>
Total operating expenses	<u>1,017,262</u>
Operating loss	(198,245)
Non-operating revenues:	
Interest on investments	<u>15,450</u>
Net loss	(182,795)
Net assets beginning of year	<u>609,734</u>
Net assets end of year	\$ <u><u>426,939</u></u>

See notes to financial statements.

DAVIS COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from charges to other funds	\$ 750,234
Cash received from insurance reimbursements	55,644
Cash payments to suppliers for services	<u>(965,535)</u>
Net cash used by operating activities	<u>(159,657)</u>
Cash flows from investing activities:	
Interest on investments	17,448
Purchase of investments	<u>(11,892)</u>
Net cash provided by investing activities	<u>5,556</u>
Net decrease in cash and cash equivalents	(154,101)
Cash and cash equivalents beginning of year	<u>366,330</u>
Cash and cash equivalents end of year	<u>\$ 212,229</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (198,245)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) in accounts receivable	(13,139)
Increase in incurred but not reported claims	<u>51,727</u>
Net cash used by operating activities	<u>\$ (159,657)</u>
Reconciliation of cash and cash equivalents at end of year to specific assets included on Statement of Net Assets:	
Cash and investments	\$ 524,121
Less items not meeting the definition of cash equivalents:	
Certificates of deposit	<u>(311,892)</u>
Cash and cash equivalents end of year	<u>\$ 212,229</u>

See notes to financial statements.

DAVIS COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2009

Assets

Cash and pooled investments:

County Treasurer	\$ 577,377
Other County officials	21,661

Receivables:

Property tax:

Delinquent	8,318
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Succeeding year	5,749,000
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Accounts	13,298
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Accrued interest	98
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Due from other governments	6,331
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Prepaid expenses	13,105
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Total assets	\$ <u>6,389,188</u>
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Liabilities

Accounts payable	\$ 18,127
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Salaries and benefits payable	4,219
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Due to other governments (note 5)	6,332,653
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Trusts payable	4,090
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Compensated absences	30,099
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Total liabilities	\$ <u>6,389,188</u>
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See notes to financial statements.



DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies

Davis County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Davis County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Davis County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Davis County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Davis County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Davis County Assessor's Conference Board, Davis County Joint E-911 Service Board, and Davis County Law Enforcement Communications Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is used to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months. Investments not meeting the definition of cash equivalents at June 30, 2009 included \$311,892 of certificates of deposit with maturity dates longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 150,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	5-40
Improvements other than buildings	10-65
Equipment	5-20
Vehicles	5

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services and Secondary Roads Funds.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$2,546,054.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the non-program function prior to the amendment of the budget. Also, disbursements in the REAP department exceeded the amount appropriated at year end, and disbursements in the County Care Facility and REAP departments exceeded the amounts appropriated prior to the amendment of the County appropriations.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's funds are all deposited in financial institution depository accounts.

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 39,599
	Special Revenue: Rural Services	535,479
County Recorder's Records Management	County Recorder's Electronic Transaction Fee	<u>17</u>
		<u>\$ 575,095</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,040,791	\$ -	\$ -	\$ 1,040,791
Capital assets being depreciated:				
Buildings	817,921	75,103	-	893,024
Machinery and equipment	3,734,700	110,134	-	3,844,834
Infrastructure	6,622,652	-	-	6,622,652
Total capital assets being depreciated	<u>11,175,273</u>	<u>185,237</u>	<u>-</u>	<u>11,360,510</u>
Less accumulated depreciation for:				
Buildings	356,567	27,836	-	384,403
Machinery and equipment	2,732,541	229,049	-	2,961,590
Infrastructure	703,436	151,141	-	854,577
Total accumulated depreciation	<u>3,792,544</u>	<u>408,026</u>	<u>-</u>	<u>4,200,570</u>
Total capital assets being depreciated, net	<u>7,382,729</u>	<u>(222,789)</u>	<u>-</u>	<u>7,159,940</u>
Governmental activities capital assets, net	<u>\$ 8,423,520</u>	<u>\$ (222,789)</u>	<u>\$ -</u>	<u>\$ 8,200,731</u>

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 25,753
County environment and education	4,438
Roads and transportation	362,049
Government services to residents	813
Administration	<u>14,973</u>

Total depreciation expense - governmental activities	<u><u>\$ 408,026</u></u>
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Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ <u><u>78,848</u></u>
Agency:		
County Assessor	Collections	\$ 229,897
Schools		3,391,284
Area Schools		218,203
Corporations		1,130,662
Townships		169,216
Auto License and Use Tax		149,290
County Hospital		717,967
All Other		<u>326,134</u>
Total for agency funds		<u><u>\$ 6,332,653</u></u>

DAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Compensated Absences</u>
Balance beginning of year	\$ 245,113
Increases	107,038
Decreases	<u>88,389</u>
Balance end of year	<u>\$ 263,762</u>
Due within one year	<u>\$ 78,956</u>

Note 7. Short-Term Debt Activity

During the year ended June 30, 2009, the County entered into a short-term loan from the Rural Basic Fund to the General Basic Fund. The loan was necessary to provide temporary financing during periods of low cash flow. A summary of the activity for the year ended June 30, 2009 is as follows:

	<u>Balance Beginning of Year</u>	<u>Loans Received</u>	<u>Loans Repaid</u>	<u>Balance End of Year</u>
General Basic Fund	\$ -	\$ 250,000	\$ 250,000	\$ -

Note 8. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$131,513, \$126,830 and \$112,543, respectively, equal to the required contributions for each year.

## DAVIS COUNTY

### NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

#### Note 9. Risk Management

Davis County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$109,273.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

## DAVIS COUNTY

### NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

#### Note 9. Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Note 10. Employee Health Insurance Plan

The Davis County Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is administered through a service agreement with Auxiant. The agreement is subject to automatic renewal provisions. The County purchases commercial insurance to provide for aggregate stop loss coverage for the excess of 125% of estimated claims for the plan year and specific stop loss coverage for the excess of \$45,000 in insured claims for any one covered individual. The County assumes liability for claims up to the individual stop loss limitation of \$45,000.

Monthly payments of service fees and plan contributions to the Davis County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Auxiant from the Davis County Employee Group Health Fund. The County records the plan assets and related liabilities of the Davis County Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2009 was \$750,234.

DAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

Note 10. Employee Health Insurance Plan (continued)

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$111,727, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. That reserve was \$426,939 at June 30, 2009 and is reported as net assets of the Employee Group Health Fund. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2008	\$ 60,000
Incurred claims (including claims incurred but not reported at June 30, 2009)	858,187
Payments	<u>806,460</u>
Unpaid claims at June 30, 2009	\$ <u><u>111,727</u></u>

Note 11. County Care Facility

The management and operation of the Davis County Care Facility is provided by ResCare, Inc. The County leases the Care Facility site to ResCare, Inc., under an agreement whereby the County is to reimburse ResCare, Inc., monthly for service provided on a per patient basis. ResCare, Inc. is responsible for normal operating and maintenance costs. The County is responsible for major repairs to the facility and equipment. ResCare, Inc. pays the County a monthly fee based on Intermediate Care Facility resident days and Resident Care Facility resident days.

The lease was extended in July 2008 for a term of 36 months until June 30, 2011.

Note 12. Contingency - Lawsuit

The County is involved in one ongoing lawsuit alleging wrongful death. The proceedings are still in the litigation stage and the outcome can not be determined at this time.

## Required Supplementary Information

# DAVIS COUNTY

## Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds Required Supplementary Information Year Ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
<b>RECEIPTS:</b>			
Property and other County tax	\$ 3,300,179	\$ -	\$ 3,300,179
Interest and penalty on property tax	35,634	-	35,634
Intergovernmental	3,003,181	1,532	3,001,649
Licenses and permits	921	-	921
Charges for service	160,162	-	160,162
Use of money and property	152,905	206	152,699
Miscellaneous	220,564	-	220,564
Total receipts	<u>6,873,546</u>	<u>1,738</u>	<u>6,871,808</u>
<b>DISBURSEMENTS:</b>			
Public safety and legal services	958,848	-	958,848
Physical health and social services	219,623	-	219,623
Mental health	811,532	-	811,532
County environment and education	329,329	200	329,129
Roads and transportation	3,218,836	-	3,218,836
Government services to residents	318,255	-	318,255
Administration	881,009	-	881,009
Non-program	23,599	-	23,599
Total disbursements	<u>6,761,031</u>	<u>200</u>	<u>6,760,831</u>
Excess (deficiency) of receipts over (under) disbursements	112,515	1,538	110,977
Balance beginning of year	<u>2,576,701</u>	<u>15,970</u>	<u>2,560,731</u>
Balance end of year	<u>\$ 2,689,216</u>	<u>\$ 17,508</u>	<u>\$ 2,671,708</u>

See accompanying independent auditor's report.



Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 3,293,661	\$ 3,293,661	\$ 6,518
38,687	38,687	(3,053)
2,903,829	3,257,106	(255,457)
208	208	713
162,656	162,656	(2,494)
197,929	211,429	(58,730)
161,882	212,527	8,037
6,758,852	7,176,274	(304,466)
1,018,957	1,104,893	146,045
311,990	319,361	99,738
784,160	884,160	72,628
315,326	356,826	27,697
2,879,122	3,365,528	146,692
359,548	359,548	41,293
887,285	976,785	95,776
20,000	26,000	2,401
6,576,388	7,393,101	632,270
182,464	(216,827)	327,804
2,560,729	2,560,729	2
\$ 2,743,193	\$ 2,343,902	\$ 327,806

# DAVIS COUNTY

## Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2009

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjust- ments	Accrual Basis
Revenues	\$ 6,873,546	\$ 418,183	\$ 7,291,729
Expenditures	6,761,031	23,936	6,784,967
Net	112,515	394,247	506,762
Beginning fund balances	2,576,701	300,551	2,877,252
Ending fund balances	<u>\$ 2,689,216</u>	<u>\$ 694,798</u>	<u>\$ 3,384,014</u>

See accompanying independent auditor's report.

## DAVIS COUNTY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service funds, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$816,713. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, and for the E-911 System by the Joint E-911 Service Board.

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the non-program function prior to amendment of the budget. Also, disbursements in the REAP department exceeded the amount appropriated at year end, and disbursements in the County Care Facility and REAP departments exceeded the amounts appropriated prior to the amendment of the County appropriations.

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## Other Supplementary Information

DAVIS COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2009

	Special Revenue			
	County Recorder's Records Management	Drainage District	Conservation Land Acquisition	REAP
Assets				
Cash and pooled investments	\$ 11,799	\$ 17,508	\$ 43,273	\$ 10,061
Receivables:				
Accounts	367	-	30	-
Accrued interest	5	13	-	13
Total assets	<u>\$ 12,171</u>	<u>\$ 17,521</u>	<u>\$ 43,303</u>	<u>\$ 10,074</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 530	\$ 868
Fund balances:				
Unreserved	12,171	17,521	42,773	9,206
Total liabilities and fund balances	<u>\$ 12,171</u>	<u>\$ 17,521</u>	<u>\$ 43,303</u>	<u>\$ 10,074</u>

See accompanying independent auditor's report.

<u>                    </u>	
<u>Reserve Officers</u>	<u>Total</u>
\$ 26	\$ 82,667
-	397
-	31
<hr/>	
\$ <u>26</u>	\$ <u>83,095</u>
\$ <u>-</u>	\$ <u>1,398</u>
<u>26</u>	<u>81,697</u>
\$ <u>26</u>	\$ <u>83,095</u>

DAVIS COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage District	Conservation Land Acquisition
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,532	\$ 10,582
Charges for service	1,433	-	-	9,450
Use of money and property	115	-	201	15,969
Miscellaneous	-	-	-	8,750
Total revenues	<u>1,548</u>	<u>-</u>	<u>1,733</u>	<u>44,751</u>
Expenditures:				
Operating:				
County environment and education	-	-	200	52,434
Excess (deficiency) of revenues over (under) expenditures	1,548	-	1,533	(7,683)
Other financing sources (uses):				
Interfund transfers in	17	-	-	-
Interfund transfers out	-	(17)	-	-
Total other financing sources (uses)	<u>17</u>	<u>(17)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,565	(17)	1,533	(7,683)
Fund balances beginning of year	<u>10,606</u>	<u>17</u>	<u>15,988</u>	<u>50,456</u>
Fund balances end of year	<u>\$ 12,171</u>	<u>\$ -</u>	<u>\$ 17,521</u>	<u>\$ 42,773</u>

See accompanying independent auditor's report.



<hr/>		
REAP	Reserve Officers	Total
<hr/>	<hr/>	<hr/>
\$ 14,400	\$ -	\$ 26,514
-	-	10,883
295	-	16,580
-	-	8,750
<hr/> 14,695	<hr/> -	<hr/> 62,727
<hr/> 27,762	<hr/> -	<hr/> 80,396
(13,067)	-	(17,669)
-	-	17
<hr/> -	<hr/> -	<hr/> (17)
<hr/> -	<hr/> -	<hr/> -
(13,067)	-	(17,669)
<hr/> 22,273	<hr/> 26	<hr/> 99,366
 \$ <u>9,206</u>	 \$ <u>26</u>	 \$ <u>81,697</u>

DAVIS COUNTY  
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2009

	County Offices			Agricultural
	County	County	County	Extension
	Auditor	Recorder	Sheriff	Education
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	1,430
Other County officials	1,282	16,138	4,241	-
Receivables:				
Property tax:				
Delinquent	-	-	-	72
Succeeding year	-	-	-	71,000
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ <u>1,282</u>	\$ <u>16,138</u>	\$ <u>4,241</u>	\$ <u>72,502</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 25	\$ 12,862	\$ 1,408	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	3,276	-	72,502
Trusts payable	1,257	-	2,833	-
Compensated absences	-	-	-	-
Total liabilities	\$ <u>1,282</u>	\$ <u>16,138</u>	\$ <u>4,241</u>	\$ <u>72,502</u>

<u>County Assessor</u>	<u>Law Enforcement Communications</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 75,897	\$ 73,076	\$ 65,970	\$ 4,001	\$ 25,914	\$ 3,131	\$ 17
-	-	-	-	-	-	-
176	-	3,314	202	3,748	85	1
171,000	-	3,322,000	214,000	1,101,000	166,000	1,000
2,825	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,469	6,896	-	-	-	-	-
<u>\$ 253,367</u>	<u>\$ 79,972</u>	<u>\$ 3,391,284</u>	<u>\$ 218,203</u>	<u>\$ 1,130,662</u>	<u>\$ 169,216</u>	<u>\$ 1,018</u>
\$ -	\$ 1,037	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,219	-	-	-	-	-
229,897	68,087	3,391,284	218,203	1,130,662	169,216	1,018
-	-	-	-	-	-	-
23,470	6,629	-	-	-	-	-
<u>\$ 253,367</u>	<u>\$ 79,972</u>	<u>\$ 3,391,284</u>	<u>\$ 218,203</u>	<u>\$ 1,130,662</u>	<u>\$ 169,216</u>	<u>\$ 1,018</u>

DAVIS COUNTY  
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2009

	Auto License and Use Tax	County Hospital	County Watershed	E-911
<b>ASSETS</b>				
Cash and pooled investments:				
County Treasurer	\$ 149,290	\$ 14,247	\$ 77,017	\$ 87,271
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	720	-	-
Succeeding year	-	703,000	-	-
Accounts	-	-	-	10,346
Accrued interest	-	-	-	98
Due from other governments	-	-	-	6,331
Prepaid expenses	-	-	-	2,740
Total assets	<u>\$ 149,290</u>	<u>\$ 717,967</u>	<u>\$ 77,017</u>	<u>\$ 106,786</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	2,795
Salaries and benefits payable	-	-	-	-
Due to other governments	149,290	717,967	77,017	103,991
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	<u>\$ 149,290</u>	<u>\$ 717,967</u>	<u>\$ 77,017</u>	<u>\$ 106,786</u>

See accompanying independent auditor's report.

County Recorder's Electronic Transaction Fee		Total
\$	116	\$ 577,377
	-	21,661
	-	8,318
	-	5,749,000
	127	13,298
	-	98
	-	6,331
	-	13,105
<u>\$ 243</u>		<u>\$ 6,389,188</u>
\$	-	\$ 18,127
	-	4,219
	243	6,332,653
	-	4,090
	-	30,099
<u>\$ 243</u>		<u>\$ 6,389,188</u>

DAVIS COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2009

	County Offices			Agricultural
	County	County	County	Extension
	Auditor	Recorder	Sheriff	Education
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 1,276	\$ 26,836	\$ 4,447	\$ 67,505
Additions:				
Property and other County tax	-	-	-	71,214
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	4,060
Office fees and collections	2,606	129,847	47,386	-
Auto license, use tax, drivers license and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	6	-	196,068	-
Miscellaneous	-	-	-	-
Total additions	2,612	129,847	243,454	75,274
Deductions:				
Agency remittances:				
To other funds	2,606	53,956	47,274	-
To other governments	-	86,589	322	70,277
Trusts paid out	-	-	196,064	-
Total deductions	2,606	140,545	243,660	70,277
Balances end of year	\$ 1,282	\$ 16,138	\$ 4,241	\$ 72,502

<u>County Assessor</u>	<u>Law Enforcement Communications</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 238,833	\$ 90,249	\$ 3,130,314	\$ 190,111	\$ 1,105,487	\$ 151,189	\$ 1,017
170,173	-	3,309,845	213,227	1,085,250	165,814	773
-	-	-	-	-	-	-
9,885	-	186,961	11,359	54,769	8,805	47
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,554	-	-
-	-	-	-	-	-	-
3,119	458,177	-	-	-	-	-
183,177	458,177	3,496,806	224,586	1,144,573	174,619	820
-	-	-	-	-	-	-
168,643	468,454	3,235,836	196,494	1,119,398	156,592	819
-	-	-	-	-	-	-
168,643	468,454	3,235,836	196,494	1,119,398	156,592	819
\$ 253,367	\$ 79,972	\$ 3,391,284	\$ 218,203	\$ 1,130,662	\$ 169,216	\$ 1,018

DAVIS COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

Year Ended June 30, 2009

	Auto License and Use Tax	County Hospital	County Watershed	E-911
<b>ASSETS AND LIABILITIES</b>				
Balances beginning of year	\$ 115,727	\$ 676,984	\$ 80,542	\$ 102,167
Additions:				
Property and other County tax	-	700,473	-	-
E-911 surcharge	-	-	-	68,215
State tax credits	-	40,444	-	-
Office fees and collections	-	-	-	-
Auto license, use tax, drivers license and postage	1,765,862	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	-	-	17,500	5,726
Total additions	1,765,862	740,917	17,500	73,941
Deductions:				
Agency remittances:				
To other funds	73,379	-	-	-
To other governments	1,658,920	699,934	21,025	69,322
Trusts paid out	-	-	-	-
Total deductions	1,732,299	699,934	21,025	69,322
Balances end of year	\$ 149,290	\$ 717,967	\$ 77,017	\$ 106,786

See accompanying independent auditor's report.



County Recorder's Electronic Transaction Fee	Tax Sale Redemption	Total
\$ 397	\$ -	\$ 5,983,081
-	-	5,716,769
-	-	68,215
-	-	316,330
1,434	-	181,273
-	-	1,765,862
-	-	4,554
-	144,949	341,023
-	-	484,522
1,434	144,949	8,878,548
-	-	177,215
1,588	-	7,954,213
-	144,949	341,013
1,588	144,949	8,472,441
\$ 243	\$ -	\$ 6,389,188

## DAVIS COUNTY

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
LAW ENFORCEMENT COMMUNICATIONS FUND  
June 30, 2009

## Additions:

## Contributions from other governmental units:

Davis County	\$ 224,111	
City of Bloomfield	224,111	\$ 448,222

## Miscellaneous:

Insurance claims	6,423	
Other	3,532	
		9,955
		458,177

## Deductions:

Salaries	221,563	
Benefits	123,759	
Office supplies	4,203	
Training	700	
Insurance	4,152	
Utilities	22,111	
Equipment and supplies	74,164	
Building repair and maintenance	16,569	
Miscellaneous	1,233	
		468,454

Net		(10,277)
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Balance beginning of year		90,249

Balance end of year		\$ 79,972

See accompanying independent auditor's report.

## DAVIS COUNTY

## SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Property and other County tax	\$ 3,300,824	\$ 2,921,282	\$ 2,853,978	\$ 2,876,582	\$ 2,861,099
Interest and penalty on property tax	35,634	37,182	38,710	40,268	53,938
Intergovernmental	3,141,865	3,312,765	3,226,257	2,689,951	2,839,135
Licenses and permits	921	1,243	1,126	728	820
Charges for service	155,828	180,056	163,077	166,870	151,202
Use of money and property	149,307	196,634	200,394	176,484	103,404
Miscellaneous	507,350	262,982	176,031	173,177	147,764
Total	<u>\$ 7,291,729</u>	<u>\$ 6,912,144</u>	<u>\$ 6,659,573</u>	<u>\$ 6,124,060</u>	<u>\$ 6,157,362</u>
Expenditures:					
Operating:					
Public safety and legal services	\$ 970,405	\$ 872,141	\$ 800,020	\$ 818,696	\$ 778,979
Physical health and social services	211,995	217,318	230,039	233,142	200,423
Mental health	858,367	843,374	833,763	710,395	666,296
County environment and education	342,367	262,911	325,302	289,375	273,752
Roads and transportation	3,215,153	2,909,254	2,834,286	3,040,511	2,388,723
Government services to residents	316,655	293,255	284,501	403,692	278,451
Administration	846,335	837,023	671,666	710,708	719,554
Non-program	23,690	10,519	50,835	25,310	8,247
Capital projects	-	34,269	392,940	244,577	299,927
Total	<u>\$ 6,784,967</u>	<u>\$ 6,280,064</u>	<u>\$ 6,423,352</u>	<u>\$ 6,476,406</u>	<u>\$ 5,614,352</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Davis County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Davis County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Davis County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Davis County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Davis County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Davis County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Davis County's financial statements that is more than inconsequential will not be prevented or detected by Davis County's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Davis County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-B-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Davis County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Davis County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Davis County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Davis County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Davis County and other parties to whom Davis County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Davis County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
March 16, 2010

DAVIS COUNTY  
SCHEDULE OF FINDINGS  
Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Ag Extension, Recorder, Sheriff, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Ag Extension, Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Auditor, Recorder, Sheriff, Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

DAVIS COUNTY  
SCHEDULE OF FINDINGS  
Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

SIGNIFICANT DEFICIENCIES (continued):

I-A-09 Segregation of Duties (continued)

Responses –

Ag Extension – We will review procedures and try to make any necessary changes to improve internal control.

County Auditor – The internal control in processing claims and payroll will be reviewed and evaluated for propriety. The Auditor will evaluate the assignment of personnel in each process and determine if an alternative method would enhance internal controls.

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Sheriff – We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We will review procedures and try to make any necessary changes to improve internal control.

Conclusion – Responses accepted.

I-B-09 Capital Assets – The County does not reconcile the prior year capital asset and depreciation listing, additions, and deletions to the current year listing. Periodic comparisons are not made of amounts recorded in the accounting system with the physical assets. We also noted that capital assets are not depreciated by function.

Recommendation – The County should reconcile the capital asset and depreciation listing and all adjustments to the prior year listing. The additions, disposals, and final listing should also be reviewed each year to ensure accuracy. The County should also depreciate capital assets by function.

Response – We will properly reconcile and ensure the accuracy of the capital assets and depreciation in the future. We will work with our software company to calculate depreciation by function.

Conclusion – Response accepted.

DAVIS COUNTY  
SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09    Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the non-program function prior to amendment of the budget. Also, disbursements in the REAP department exceeded the amount appropriated at year end, and disbursements in the County Care Facility and REAP departments exceeded the amounts appropriated prior to the amendment of the County's appropriations.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will amend the budget when required in the future and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

- II-B-09    Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09    Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-D-09    Business Transactions – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Pam Martin, Deputy Auditor Spouse is Owner of Martin Oil	Oil and fuel	\$25,221 (a)
Russell Lundstrum, County Custodian Owner of Russell's Repair	Supplies and repairs	\$ 357 (b)

The above transaction (a) does not represent a conflict of interest due to the limited number of suppliers and regular rotation of such suppliers. In accordance with Chapter 331.342(10) of the Code of Iowa, the above transaction (b) does not represent a conflict of interest since the cumulative amount was less than \$1,500 during the fiscal year.

- II-E-09    Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.



DAVIS COUNTY  
SCHEDULE OF FINDINGS  
Year Ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting (continued):

- II-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- II-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- II-I-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.
- II-J-09 Transfers – Chapter 331.429 of the Code of Iowa outlines the maximum allowable transfer from the General Fund to the Special Revenue, Secondary Roads Fund. During the year ended June 30, 2009, the County exceeded the maximum allowable transfer from the General Fund by \$22.
- Recommendation – The County should be aware of the maximum allowable transfers and monitor them during the year to ensure compliance with the Code of Iowa.
- Response – This was a miscalculation on our part this year. We will be more careful in the future to make sure the maximum allowable transfer is not exceeded.
- Conclusion – Response accepted.

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